Banks in Gujarat had been requested to submit revised final claims after excluding the relief provided by them to ineligible borrowers. Release of balance amounts to banks would be considered by NABARD only after receipt of the same.

Performance of the Cooperative Institutions

1483. SHRI VITHALBHAI M. PATEL: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the ARDR Scheme has adversely affected recoveries of the Co-operative Credit Structure and vitiated the general recovery climate; and

(b) if so, what action Government have taken for the improvement of recovery performance of the co-operative institutions?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) and (b) The recoveries of Cooperative Banks had been affected due to the implementation of the Agricultural and Rural Debt Relief (ARDR) Scheme, 1990. As a result, many co-operative banks had become ineligible for credit limits for the year 1991-92 and as such the National Bank for Agriculture and Rural Development (NABARD) had to consider certain relaxations in sanction and operation of the limits. This had helped several banks to become eligible for drawal of concessionary finance from NABARD and maintain the ceridt flow. The disbursements, which had picked up during 1991-92, gathered momentum during 192-93. Government have made pronouncements that no such loan waiver schemes will be implemented any more. Reserve Bank of India, NABARD and State Governments have been communicating measures at various fora to educate the borrowers to repay the bank dues quickly to ensure recycling of funds.

NRIs Investment in India

1484. SHRI CHIMAN BHAI MEHTA:
SHRIMATI MIRA DAS:
SHRI SARADA MOHANTY:
SHRI G. G. SWELL:
SHRI SUBRAMANIAN SWAMY:

Will the Minister of FINANCE be pleased to state:

(a) whether Government contemplate to attract pension funds invested by NRIs abroad for investing them in our local industries and infrastructures;

(b) whether it is a fact that NRIs in USA have about 7 million dollars invested in pension funds such as Keogh, 401 k, 1. BA etc.;

(c) what are the hurdles for NRIs to invest their funds in India;

(d) whether it is a fact that such pension funds are investible only in Infrastructure public Limited companies listed on national exchanges; and

(e) whether Government propose to consider conversion of infrastructure Industries controlled and owned by them into limited companies so that extremely required capital in infrastructure is provided?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) The Overseas Pension Funds which register themselves as Foreign Institutional Investors (FIIs) can invest in Indian Industry through the Indian Capital Market in terms of the guidelines issued by the Government in September, 1992.

(b) The extent of investments by NRIs in pension funds in the USA is not known to Government of India.

(c) Consistent with the opening out of policy for NRI investment in India, 'hurdles" in the form of procedural bottlenecks are not regard as significant.

(d) No, Sir. There is no restriction on Overseas pension Funds registered with SEBI for investing only in infrastructure public limited companies.

(e) Government has already initiated, through its disinvestment programme, the inductions of private capital into the shareholding of several of its infrastructure industries.

Demand of Bombay Group of Industrialists

1485. SHRIMATI MIRA DAS:

SHRI CHIMANBHAI MEHTA:

Will the Minister of FINANCE be pleased to state:

(a) what are the demands put forward by the "Bombay Group" of industrialists when they met him last month;

(b) whether they asked for losses from the banks against shares and what are the details about the practice in India and foreign countries;

(c) whether they have asked for reduction of financial Institution's share holdings in companies to only 24 per cent;

(d) whether they demanded linkage of net worth, equity of companies and assets to market value and freedom to decide about the deployment of resources;

(e) whether they also asked for permission to the issue of non-voting rights shares exemption in capital gain tax on transfer or sale of companies assets freedom to promotors for issue of discounted shares to themselves, capital gain tax on par with developed foreign countries tax structure; and

(f) whether it is a fact that he gave a positive response to the demands referred above?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) to (e) A Group of Industrialists met the Finance Minister on the 10th November, 1993 and submitted a representation entitled "Challenges Facing Indian Enterprises" In their representation the Group inter alia pointed out that they welcome the economic reforms to globalise the Indian economy, and the range of reform must be widened and its pace accelerate to strengthen the economy further. Major suggestions made by the Group include the following:

(i) Restrictions imposed by the Reserve Bank of India (RBI) on banks with respect to their lending against pledge of share be removed.

(ii) In the absence of the equity accounting method prevailing in some countries (where the networth of the investment companies are linked to the market price of the underlying securites), the restriction by R.B.I. on the borrowing capability of Indian financial companies by way of loans, or deposits or both as a multiple networth puts a severe constraint and should be removed.

(iii) Similar constraints imposed by Sections 370 and 372 of the Companies Act and the authority of the government should be replaced by that of the shareholders who should be given the freedom to decide upon the deployment of company resources.

(iv) A mechanism may be worked out to reduce the share-holdings of the Financial Institutions in Indian companies gradually to 20 per cent of capital.

(v) Company law should be amended to enable companies to issue non-voting shares.